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C O N F I D E N T I A L PANAMA 000550

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TAGS: [PGOV](#) [PREL](#) [KDEM](#) [PM](#)

SUBJECT: PANAMA: VARELA WINS PANAMENISTA PRESIDENTIAL
NOMINATION

Classified By: POLCOUNS Brian R. Naranjo. Reason: 1.4 (d)

Summary

¶1. (C) "I want to issue a call not only for party unity, but also for a coalition to win the elections in 2009," exclaimed Juan Carlos Varela late in the evening on July 6, in declaring victory in the Panamenista Party presidential primary. On July 7, Alberto Vallarino, Varela's main opponent, acknowledged Varela's victory. As of 3:00 pm, July 6, with 66.3 percent of the vote in, 55.92 percent of voters had chosen Varela while 34.54 percent opted for Vallarino out of a total of 117,105 votes counted. Varela's declaration of victory and Vallarino's concession were based, however, upon non-official results and amid criticism, particularly from Vallarino himself, aimed at the slow manner in which the party's National Electoral Committee (CNE) made primary results available to the public. Indeed, the official results from the first of the party's 39 electoral circuits rolled in to the CNE only shortly after Vallarino conceded on July 7. Bickering over the CNE's delay in releasing results may have marred an otherwise nearly flawless electoral process, but the result was never in doubt, including among Vallarino's supporters and campaign leaders: Varela had won a commanding victory. Now Varela must turn to uniting his party behind him and overcoming skepticism about his ability to unify the broader opposition. End summary.

Varela Declares Victory Despite Official Results Delay

¶2. (C) At about 11:30 pm on July 6 -- 7 1/2 hours after the polls had closed -- Varela took the stage at the convention center of the El Panama Hotel to claim victory. During his speech, he did not acknowledge the growing controversy over the CNE's delay in making results available. "There is only one result: the party won. Panama won. Today we begin down a new road." In his speech, Varela called for Panamenista Party and broader opposition unity to fulfill "five dreams: the "elimination" of crime, the establishment "dignified" salaries, the improvement of public services, the creation of jobs, and the replacement of corrupt practices with "clean hands." Noting that the first step for Varela would be consolidating the party behind him, Varela campaign advisor Meliton Arrocha said that how the Panamenista Party pulled together behind Varela would depend upon how Vallarino, Varela, and their respective camp followers acted. Varela's brother and key campaign advisor Jose Luis "Popi" Varela told POLCOUNS that, with his strong finish behind him, Varela would "negotiate from a position of strength" with other opposition parties to form a coalition. Popi Varela did not

believe that alliances would be announced as quickly as some observers might think, speculating that an opposition coalition might not emerge until September, after the PRD primary.

13. (C) Varela's victory speech came about one hour after Vallarino, for the second time in the evening, complained publicly about the CNE's failure to release official results. "It's unfortunate that official results are not available, because we all know that they (Panamenista Party President Varela's supporters) control the electoral committee," a bitter Vallarino declared at about 10:30 before retiring for the evening. Earlier in the evening, Vallarino had implored the CNE to make the primary results more quickly, "for the good of the party and for the good of opposition unity." Privately, Vallarino complained to POLCOUNS that Varela's margin of victory was not as wide as then being portrayed. (Note: At the time of POLCOUNS's conversation with Vallarino, Varela was leading Vallarino by over 24 points. End note) "He's manipulating the release of results by starting with Pese (Varela's home town) to make it look like he has a tidal wave of support," Vallarino complained privately. "For party unity and our democratic image, we need fast results." Vallarino, however, stopped well short, in both his public and private comments, from calling into question the integrity of the process and privately acknowledged to POLCOUNS that he had been beaten. Conceding defeat the following day, Vallarino also laid down markers for the Panamenista Party's role in the broader opposition. "I hope that the Panamenista candidate will lead the opposition to challenged (the governing Revolutionary Democratic Party) PRD in the upcoming general elections," Vallarino stated. "Varela knows very well that the winner has a key role to play in building an opposition alliance. Varela should lead the opposition alliance. We have the votes and the strength."

Comment

14. (C) Headstrong and overly confident before Sunday's poll, Vallarino took this defeat hard. Vallarino campaign manager and Panamenista Party SecGen Francisco "Pancho" Aleman had previously predicted to POLCOUNS that Vallarino would defeat Varela by a 4 to 1 margin; obviously this loss fell well short of this bold claim. The CNE's difficulties in releasing results -- whether intentional or not -- furthermore left a bitter taste in Vallarino's mouth. Aware shortly after the polls that he had lost the primary, Vallarino's protestations seemed to have more to do with a desire for respect for the process, a hope to be treated with decency, and a search for an exit with honor. Varela's victory to a large extent will be interpreted as another example of Panamanian voter's desire for change and a new kind of politics. Varela, who took the reins of the Panamenista Party two years ago, has fought a long battle to renew the party in the wake of the ethical cloud under which former President Mireya Moscoso, the last Panamenista President, left office in 2004. Striving to move the party to a more democratic, grassroots oriented organization -- these primaries were the Panamenistas' first primaries -- Varela earned his spurs as a reformer. To unify the party, Varela will need to come to terms with party chieftains who have been suspicious of Varela's reform agenda, chief among which will be former President Moscoso with whom Varela is not on speaking terms.

15. (C) Unable to comprehend how a Panamenista candidate could accept second billing on a unified opposition ticket, party chieftains will place significant pressure on Varela to steer well clear of accepting a VP slot on, for example, Democratic Change (CD) presidential candidate Ricardo Martinelli's ticket. For his part, given the commanding size of his victory, Varela may reconsider whatever prior commitments he may have made to form an alliance with Martinelli. In the meantime, groups with in Patriotic Union (UP) and the Movement of Liberal Republican Nationals (MOLIRENA) agitating for alliance with Martinelli will likely become more vocal.

Strongly desiring to knock the PRD out of power -- and fearing the consequences for their political survival should the fail -- many in the opposition including UP's President Billy Ford and VP Jose Raul Mulino (previously a Vallarino supporter) and MOLIRENA's President Gonzalez-Ruiz have previously commented to POLCOUNS that they have serious doubts about Varela's suitability, gravitas, and maturity to unify the opposition, defeat the PRD, and serve as president.

Martinelli campaign advisor Jimmy Papadimitriu had previously commented that the ideal Panamenista outcome would be for Varela to win by a small margin so that Martinelli could more easily use the gravitational pull of his significant lead in the national polls to reel in Varela. To nobody's surprise, Martinelli declared July 6 that he had no intention of accepting a VP slot on a Varela ticket.

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